

CHAPTER 184

**REVENUE - ACTIVITIES REGULATION**

**HOUSE BILL 20-1424**

BY REPRESENTATIVE(S) Coleman, Benavidez, Bird, Buentello, Cutter, Duran, Exum, Gonzales-Gutierrez, Gray, Herod, Hooton, Jackson, Jaquez Lewis, Lontine, Melton, Michaelson Jenet, Sirota, Snyder, Titone, Valdez A., Valdez D., Woodrow, Becker, Buckner, Kennedy, Kipp, Singer, Tipper; also SENATOR(S) Gonzales and Marble, Fenberg, Lee, Moreno, Williams A.

**AN ACT**

**CONCERNING SOCIAL EQUITY LICENSEES IN REGULATED MARIJUANA.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, 44-10-103, **amend** (1), (2), and (4); **repeal** (3); and **add** (4.5) and (68.5) as follows:

**44-10-103. Definitions.** As used in this article 10, unless the context otherwise requires:

(1) "Accelerator cultivator" means a ~~person~~ SOCIAL EQUITY LICENSEE **qualified for an accelerator license, licensed to cultivate** TO PARTICIPATE IN THE ACCELERATOR PROGRAM ESTABLISHED PURSUANT TO THIS ARTICLE 10 AND AUTHORIZED PURSUANT TO RULE TO EXERCISE THE PRIVILEGES OF A RETAIL MARIJUANA CULTIVATION FACILITY ~~on the premises of a~~ AN ACCELERATOR-ENDORSED retail marijuana cultivation facility licensee. ~~and distribute retail marijuana to retail marijuana products manufacturers and retail marijuana stores.~~

(2) "Accelerator-endorsed licensee" means a retail marijuana cultivation facility licensee, ~~or~~ retail marijuana products manufacturer licensee, OR RETAIL MARIJUANA STORE who has, pursuant to rule, been endorsed to host and offer technical and capital support to ~~an accelerator licensee operating on its premises~~ A SOCIAL EQUITY LICENSEE PURSUANT TO THE REQUIREMENTS OF THE ACCELERATOR PROGRAM ESTABLISHED PURSUANT TO THIS ARTICLE 10.

(3) ~~"Accelerator licensee" means a person who has resided in a census tract~~

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*Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.*

~~designated by the office of economic development and international trade as an opportunity zone for five of the ten years prior to application and has not been the beneficial owner of a license issued pursuant to this article 10.~~

(4) "Accelerator manufacturer" means a ~~person~~ SOCIAL EQUITY LICENSEE qualified for an accelerator license, ~~licensed to manufacture and distribute retail marijuana concentrates and retail marijuana products~~ TO PARTICIPATE IN THE ACCELERATOR PROGRAM ESTABLISHED PURSUANT TO THIS ARTICLE 10 AND AUTHORIZED PURSUANT TO RULE TO EXERCISE THE PRIVILEGES OF A RETAIL MARIJUANA PRODUCTS MANUFACTURER on the premises of an accelerator-endorsed RETAIL MARIJUANA PRODUCTS manufacturing licensee.

(4.5) "ACCELERATOR STORE" MEANS A SOCIAL EQUITY LICENSEE QUALIFIED TO PARTICIPATE IN THE ACCELERATOR PROGRAM ESTABLISHED PURSUANT TO THIS ARTICLE 10 AND AUTHORIZED PURSUANT TO RULE TO EXERCISE THE PRIVILEGES OF A RETAIL MARIJUANA STORE ON THE PREMISES OF AN ACCELERATOR-ENDORSED RETAIL MARIJUANA STORE LICENSEE.

(68.5) "SOCIAL EQUITY LICENSEE" MEANS A NATURAL PERSON WHO MEETS THE CRITERIA ESTABLISHED PURSUANT TO SECTION 44-10-308 (4). A PERSON QUALIFIED AS A SOCIAL EQUITY LICENSEE MAY PARTICIPATE IN THE ACCELERATOR PROGRAM ESTABLISHED PURSUANT TO THIS ARTICLE 10 OR MAY HOLD A REGULATED MARIJUANA BUSINESS LICENSE OR PERMIT ISSUED PURSUANT TO THIS ARTICLE 10.

**SECTION 2.** In Colorado Revised Statutes, 44-10-104, **amend** (2)(a) as follows:

**44-10-104. Applicability - medical marijuana - retail marijuana.** (2) (a) A person applying for licensure pursuant to this article 10 must complete forms as provided by the state licensing authority and must pay the application fee and the licensing fee, which must be credited to the marijuana cash fund established pursuant to section 44-10-801. The state licensing authority shall forward, within seven days, one-half of the retail marijuana business license application fee to the local jurisdiction unless the APPLICATION IS FOR AN ACCELERATOR CULTIVATOR, ACCELERATOR MANUFACTURER, OR ACCELERATOR STORE LICENSE OR UNLESS THE local jurisdiction has prohibited the operation of retail marijuana businesses pursuant to section 16 (5)(f) of article XVIII of the state constitution. If the license is denied, the state licensing authority shall refund the licensing fee to the applicant.

**SECTION 3.** In Colorado Revised Statutes, 44-10-203, **amend** (1)(i), (1)(j), and (2)(aa); and **add** (1)(k) as follows:

**44-10-203. State licensing authority - rules.** (1) **Permissive rule-making.** Rules promulgated pursuant to section 44-10-202 (1)(c) may include but need not be limited to the following subjects:

(i) Marijuana research and development licenses, including application requirements; renewal requirements, including whether additional research projects may be added or considered; conditions for license revocation; security measures to ensure marijuana is not diverted to purposes other than research or diverted outside of the regulated marijuana market; the amount of plants, useable marijuana, marijuana concentrates, or marijuana products a licensee may have on its premises;

licensee reporting requirements; the conditions under which marijuana possessed by medical marijuana licensees may be donated to marijuana research and development licensees or transferred to a nonmetric-based research facility; provisions to prevent contamination; requirements for destruction or transfer of marijuana after the research is concluded; and any additional requirements; ~~and~~

~~(j) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this article 10. A DEFINITION FOR "DISPROPORTIONATE IMPACTED AREA" TO THE EXTENT RELEVANT STATE OF COLORADO DATA EXISTS, IS AVAILABLE, AND IS USED FOR THE PURPOSE OF DETERMINING ELIGIBILITY FOR A SOCIAL EQUITY LICENSEE; AND~~

~~(k) SUCH OTHER MATTERS AS ARE NECESSARY FOR THE FAIR, IMPARTIAL, STRINGENT, AND COMPREHENSIVE ADMINISTRATION OF THIS ARTICLE 10.~~

**(2) Mandatory rule-making.** Rules promulgated pursuant to section 44-10-202 (1)(c) must include but need not be limited to the following subjects:

(aa) The implementation of an accelerator program including but not limited to rules to establish ~~severed liability~~ REQUIREMENTS for SOCIAL EQUITY licensees operating on the same ~~physical~~ LICENSED premises OR ON SEPARATE PREMISES POSSESSED BY AN ACCELERATOR-ENDORSED LICENSEE. THE STATE LICENSING AUTHORITY'S RULES ESTABLISHING AN ACCELERATOR PROGRAM MAY INCLUDE REQUIREMENTS FOR severed custodianship of regulated MARIJUANA products, protections of the intellectual property of the ~~accelerator~~ A SOCIAL EQUITY licensee, incentives for ACCELERATOR ENDORSED licensees, ~~endorsed as accelerators~~, and additional requirements if a person applying for an accelerator endorsement has less than two years' experience operating a licensed facility ~~under this title 10~~ PURSUANT TO THIS ARTICLE 10. AN ACCELERATOR ENDORSED LICENSEE IS NOT REQUIRED TO EXERCISE THE PRIVILEGES OF ITS LICENSE ON THE PREMISES WHERE A SOCIAL EQUITY LICENSEE OPERATES. THE STATE LICENSING AUTHORITY'S IMPLEMENTATION OF AN ACCELERATOR PROGRAM IS EXTENDED FROM JULY 1, 2020, TO JANUARY 1, 2021.

**SECTION 4.** In Colorado Revised Statutes, 44-10-307, **amend** (1)(g)(I) as follows:

**44-10-307. Persons prohibited as licensees - definition.** (1) A license provided by this article 10 shall not be issued to or held by:

(g) (I) A person who was convicted of a felony in the three years immediately preceding his or her application date or who is currently subject to a sentence for a felony conviction; except for ~~an accelerator license~~ A PERSON APPLYING TO BE A SOCIAL EQUITY LICENSEE, a marijuana conviction ~~is~~ SHALL NOT BE the sole basis for license denial; or

**SECTION 5.** In Colorado Revised Statutes, 44-10-308, **add** (4) and (5) as follows:

**44-10-308. Business and owner requirements - legislative declaration - definition.** (4) EFFECTIVE JANUARY 1, 2021, A PERSON WHO QUALIFIES AS A SOCIAL EQUITY LICENSEE MAY APPLY FOR ANY REGULATED MARIJUANA BUSINESS LICENSE

OR PERMIT, INCLUDING BUT NOT LIMITED TO ACCELERATOR STORE, ACCELERATOR CULTIVATOR, AND ACCELERATOR MANUFACTURER LICENSES, ISSUED PURSUANT TO THIS ARTICLE 10. A PERSON QUALIFIES AS A SOCIAL EQUITY LICENSEE IF SUCH PERSON MEETS THE FOLLOWING CRITERIA, IN ADDITION TO ANY CRITERIA ESTABLISHED BY RULE OF THE STATE LICENSING AUTHORITY:

(a) IS A COLORADO RESIDENT;

(b) HAS NOT BEEN THE BENEFICIAL OWNER OF A LICENSE SUBJECT TO DISCIPLINARY OR LEGAL ACTION FROM THE STATE RESULTING IN THE REVOCATION OF A LICENSE ISSUED PURSUANT TO THIS ARTICLE 10;

(c) HAS DEMONSTRATED AT LEAST ONE OF THE FOLLOWING:

(I) THE APPLICANT HAS RESIDED FOR AT LEAST FIFTEEN YEARS BETWEEN THE YEARS 1980 AND 2010 IN A CENSUS TRACT DESIGNATED BY THE OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE AS AN OPPORTUNITY ZONE OR DESIGNATED AS A DISPROPORTIONATE IMPACTED AREA AS DEFINED BY RULE PURSUANT TO SECTION 44-10-203 (1)(j);

(II) THE APPLICANT OR THE APPLICANT'S PARENT, LEGAL GUARDIAN, SIBLING, SPOUSE, CHILD, OR MINOR IN THEIR GUARDIANSHIP WAS ARRESTED FOR A MARIJUANA OFFENSE, CONVICTED OF A MARIJUANA OFFENSE, OR WAS SUBJECT TO CIVIL ASSET FORFEITURE RELATED TO A MARIJUANA INVESTIGATION; OR

(III) THE APPLICANT'S HOUSEHOLD INCOME IN THE YEAR PRIOR TO APPLICATION DID NOT EXCEED AN AMOUNT DETERMINED BY RULE OF THE STATE LICENSING AUTHORITY; AND

(d) THE SOCIAL EQUITY LICENSEE, OR COLLECTIVELY ONE OR MORE SOCIAL EQUITY LICENSEES, HOLDS AT LEAST FIFTY-ONE PERCENT OF THE BENEFICIAL OWNERSHIP OF THE REGULATED MARIJUANA BUSINESS LICENSE.

(5) A PERSON WHO MEETS THE CRITERIA IN THIS SECTION FOR A SOCIAL EQUITY LICENSEE, PURSUANT TO RULE AND AGENCY DISCRETION, MAY BE ELIGIBLE FOR INCENTIVES AVAILABLE THROUGH THE DEPARTMENT OF REVENUE OR OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE, INCLUDING BUT NOT LIMITED TO A REDUCTION IN APPLICATION OR LICENSE FEES.

**SECTION 6.** In Colorado Revised Statutes, 44-10-401, **amend** (2)(b)(VII), (2)(b)(VIII), (2)(b)(IX), (2)(b)(X), and (6); and **add** (2)(b)(XI) as follows:

**44-10-401. Classes of licenses.** (2) (b) The following are retail marijuana licenses:

(VII) ~~Retail marijuana~~ Accelerator cultivator license;

(VIII) ~~Retail marijuana~~ Accelerator manufacturer license;

(IX) Marijuana hospitality business license; ~~and~~

(X) Retail marijuana hospitality and sales business license; AND

(XI) ACCELERATOR STORE LICENSE.

(6) For a person applying ~~for an accelerator license~~ TO BE A SOCIAL EQUITY LICENSEE, the state licensing authority shall not deny an application on the sole basis of the prior marijuana conviction of the applicant and at its discretion may waive other requirements.

**SECTION 7.** In Colorado Revised Statutes, 44-10-601, **add** (14), (15), and (16) as follows:

**44-10-601. Retail marijuana store license - rules - definitions.** (14) AN ACCELERATOR STORE LICENSEE MAY OPERATE ON THE PREMISES OF A RETAIL MARIJUANA STORE LICENSEE IF BEFORE EACH ACCELERATOR STORE LICENSEE OPERATES, THE RETAIL MARIJUANA STORE LICENSEE HAS ITS PREMISES ENDORSED PURSUANT TO RULE AND EACH ACCELERATOR STORE LICENSEE IS APPROVED TO OPERATE ON THAT PREMISES.

(15) A RETAIL MARIJUANA STORE LICENSEE THAT HOSTS AN ACCELERATOR STORE LICENSEE MAY, PURSUANT TO RULE, PROVIDE TECHNICAL AND COMPLIANCE ASSISTANCE TO AN ACCELERATOR STORE LICENSEE OPERATING ON ITS PREMISES. A RETAIL MARIJUANA STORE LICENSEE THAT HOSTS AN ACCELERATOR STORE LICENSEE MAY, PURSUANT TO RULE, PROVIDE CAPITAL ASSISTANCE TO AN ACCELERATOR STORE LICENSEE OPERATING ON ITS PREMISES.

(16) A RETAIL MARIJUANA STORE, PURSUANT TO RULE AND THE STATE LICENSING AUTHORITY DISCRETION, MAY BE ELIGIBLE FOR INCENTIVES AVAILABLE THROUGH THE DEPARTMENT OF REVENUE OR THE OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE, INCLUDING BUT NOT LIMITED TO A REDUCTION IN APPLICATION OR LICENSE FEES.

**SECTION 8.** In Colorado Revised Statutes, 44-10-602, **amend** (9), (10), and (11) as follows:

**44-10-602. Retail marijuana cultivation facility license - rules - definitions.** (9) An accelerator cultivator licensee may operate on the premises of a retail marijuana cultivation facility licensee if before each accelerator CULTIVATOR licensee operates, the retail marijuana cultivation facility licensee has its premises endorsed pursuant to rule and each accelerator CULTIVATOR licensee is ~~licensed~~ APPROVED to operate on that premises.

(10) A retail marijuana cultivation facility licensee that hosts an accelerator CULTIVATOR licensee may, pursuant to rule, provide technical and compliance assistance to an accelerator CULTIVATOR licensee operating on its premises. A retail marijuana products manufacturer licensee that hosts an accelerator CULTIVATOR licensee may, pursuant to rule, provide capital assistance to an accelerator CULTIVATOR licensee operating on its premises.

(11) A retail marijuana cultivation facility licensee that hosts an accelerator CULTIVATOR licensee, pursuant to rule and ~~agency~~ THE STATE LICENSING AUTHORITY

discretion, may be eligible for ~~reduction in license fees or other~~ incentives available through the department of revenue or the office of economic development and international trade, INCLUDING BUT NOT LIMITED TO A REDUCTION IN APPLICATION OR LICENSE FEES.

**SECTION 9.** In Colorado Revised Statutes, 44-10-603, **amend** (2)(c), (13), and (14) as follows:

**44-10-603. Retail marijuana products manufacturer license - rules - definition.** (2) Retail marijuana products must be prepared on a licensed premises that is used exclusively for the manufacture and preparation of retail marijuana or retail marijuana products and using equipment that is used exclusively for the manufacture and preparation of retail marijuana products; except that, if permitted by the local jurisdiction and subject to rules of the state licensing authority, a retail marijuana products manufacturer licensee may share the same premises as a:

(c) Accelerator manufacturer licensee if the retail marijuana products manufacturer has its premises endorsed pursuant to rule before each accelerator manufacturer licensee operates and each accelerator MANUFACTURER licensee is ~~licensed~~ APPROVED to operate on that premises.

(13) A retail marijuana products manufacturer licensee that hosts an accelerator manufacturer licensee may, pursuant to rule, provide technical and compliance assistance to an accelerator MANUFACTURER licensee operating on its premises. A retail marijuana products manufacturer licensee that hosts an accelerator MANUFACTURER licensee may, pursuant to rule, provide capital assistance to an accelerator MANUFACTURER licensee operating on its premises.

(14) A retail marijuana products manufacturer licensee, pursuant to rule and ~~agency~~ THE STATE LICENSING AUTHORITY discretion, may be eligible for ~~reduction in license fees and for grants~~ INCENTIVES through THE DEPARTMENT OF REVENUE OR the office of economic development and international trade, INCLUDING BUT NOT LIMITED TO A REDUCTION IN APPLICATION OR LICENSE FEES.

**SECTION 10.** In Colorado Revised Statutes, **amend** 44-10-607 as follows:

**44-10-607. Retail marijuana accelerator cultivator license.** (1) A retail marijuana accelerator cultivator license may be issued to a ~~person~~ SOCIAL EQUITY LICENSEE to ~~operate a cultivation operation on the site of a retail marijuana cultivation facility with an accelerator endorsement~~ EXERCISE THE PRIVILEGES OF A RETAIL MARIJUANA CULTIVATION FACILITY LICENSEE ON THE PREMISES OF AN ACCELERATOR-ENDORSED RETAIL MARIJUANA CULTIVATION FACILITY. The retail marijuana accelerator cultivator may receive technical assistance and financial support from the retail marijuana cultivation facility licensee with an accelerator endorsement.

(2) The state licensing authority shall begin accepting applications for retail marijuana accelerator cultivator licenses on ~~July 1, 2020~~ JANUARY 1, 2021.

**SECTION 11.** In Colorado Revised Statutes, **amend** 44-10-608 as follows:

**44-10-608. Retail marijuana accelerator manufacturer license.** (1) A retail marijuana accelerator manufacturer license may be issued to a ~~person~~ SOCIAL EQUITY LICENSEE to ~~operate a retail marijuana products manufacturing operation on the site of a retail marijuana products manufacturing facility with an accelerator endorsement~~ EXERCISE THE PRIVILEGES OF A RETAIL MARIJUANA PRODUCTS MANUFACTURER LICENSEE ON THE PREMISES OF AN ACCELERATOR-ENDORSED RETAIL MARIJUANA PRODUCTS MANUFACTURER. The retail marijuana accelerator manufacturer may receive technical assistance and financial support from the retail marijuana products manufacturer with an accelerator endorsement.

(2) The state licensing authority shall begin accepting applications for retail marijuana accelerator manufacturer licenses on ~~July 1, 2020~~ JANUARY 1, 2021.

**SECTION 12.** In Colorado Revised Statutes, **add** 44-10-611 as follows:

**44-10-611. Retail marijuana accelerator store license.** (1) A RETAIL MARIJUANA ACCELERATOR STORE LICENSE MAY BE ISSUED TO A SOCIAL EQUITY LICENSEE TO EXERCISE THE PRIVILEGES OF A RETAIL MARIJUANA STORE LICENSEE ON THE PREMISES OF AN ACCELERATOR-ENDORSED RETAIL MARIJUANA STORE. THE RETAIL MARIJUANA ACCELERATOR STORE MAY RECEIVE TECHNICAL ASSISTANCE AND FINANCIAL SUPPORT FROM THE RETAIL MARIJUANA STORE WITH AN ACCELERATOR ENDORSEMENT.

(2) THE STATE LICENSING AUTHORITY SHALL BEGIN ACCEPTING APPLICATIONS FOR RETAIL MARIJUANA ACCELERATOR STORE LICENSES ON JANUARY 1, 2021.

**SECTION 13.** In Colorado Revised Statutes, **amend** 16-17-102 as follows:

**16-17-102. Application - character certificate.** (1) After a conviction, all applications for commutation of sentence or pardon for crimes committed ~~shall~~ MUST be accompanied by a certificate of the respective superintendent of the correctional facility, showing the conduct of an applicant during ~~his or her~~ THE APPLICANT'S confinement in the correctional facility, together with such evidences of former good character as the applicant ~~may be~~ IS able to produce. Before the governor approves such application, it ~~shall~~ MUST be first submitted to the present district attorney of the district in which the applicant was convicted and to the judge who sentenced and the attorney who prosecuted at the trial of the applicant, if available, for such comment as they may deem proper concerning the merits of the application, so as to provide the governor with information upon which to base ~~his or her~~ THE GOVERNOR'S action. The governor shall make reasonable efforts to locate the judge who sentenced and the attorney who prosecuted at the trial of the applicant and shall afford them a reasonable time, not less than fourteen days, to comment on such applications. The requirements of this section ~~shall be~~ ARE deemed to have been met if the persons to whom the application is submitted for comment do not comment within fourteen days after their receipt of the application or within such other reasonable time in excess of fourteen days as specified by the governor, or if the sentencing judge or prosecuting attorney cannot be located, are incapacitated, or are otherwise unavailable for comment despite the good-faith efforts of the governor to obtain their comments. Good character previous to conviction, good conduct during confinement in the correctional facility, the statements of the sentencing judge and the district attorneys, if any, and any other

material concerning the merits of the application ~~shall~~ MUST be given such weight as ~~to the governor may seem~~ SEEMS just and proper TO THE GOVERNOR, in view of the circumstances of each particular case, ~~a~~ WITH due regard ~~being had to~~ FOR the reformation of the accused. The governor ~~shall have~~ HAS sole discretion in evaluating said comments and in soliciting other comments ~~he or she~~ THE GOVERNOR deems appropriate.

(2) THE GOVERNOR MAY GRANT PARDONS TO A CLASS OF DEFENDANTS WHO WERE CONVICTED OF THE POSSESSION OF UP TO TWO OUNCES OF MARIJUANA. THE REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION DO NOT APPLY TO DEFENDANTS WHO WERE CONVICTED OF THE POSSESSION OF UP TO TWO OUNCES OF MARIJUANA, BUT THE GOVERNOR MAY MAKE ANY INQUIRY AS DEEMED APPROPRIATE TO SEEK ANY RELEVANT INFORMATION NECESSARY FROM ANY PERSON OR AGENCY TO REACH AN INFORMED DECISION.

**SECTION 14. Act subject to petition - effective date.** This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2022 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: June 29, 2020